

DEFINITIONS

Assessable Unit	Any functional, programmatic (significant activities), or other applicable subdivision capable of being evaluated by management control assessment procedures.
Critical Tasks	Those tasks involved in ensuring that internal control objectives are achieved.
Cycle (event)	The key program processes involved in accomplishing the program mission. Each program or activity should have between 3 and 10 event cycles. (Example: Signup-cycle, loan making cycle, repayment cycle, compliance cycle, and reporting cycle.)
General Control	The surrounding factors of a program that managers can control or influence. (Examples: delegation of authority, organizational checks and balances, management attitude, assigning work schedules to ensure work is performed on time, and documented procedures.)
High Risk	<p>A significant possibility exists for the misuse, misappropriation, or waste of government resources regarding a program that:</p> <ul style="list-style-type: none">• is highly visible to the Department, special interest groups, or the public,• is a major program or activity for the Agency and is of significant monetary value; and• could significantly impair the fulfillment of the Agency's mission.
Inherent Risk	Innate factors of a program that affect the potential for waste, loss, unauthorized use, or misappropriation due to the nature of the activity. Managers do not have control over these risks. (Examples: vague legislation, outside negative impact from special interest groups, degree of centralization, and prior reviews or audits.)
Internal Control Objectives	Desired goals that the program is intended to accomplish to meet the legislated mission of the program and enhance the effectiveness and efficiency of the program. Internal control objectives should be listed by event cycle.
Internal Control Procedures	<p>Safeguards in place to ensure that internal control objectives are met and that the program mission is accomplished as intended. If the safeguards are in place and properly carried out, the Agency can be reasonably assured that:</p> <ul style="list-style-type: none">• obligations and costs are in compliance with applicable law,• funds, property and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and

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- revenues and expenditures applicable to Agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over assets.

Internal Control Risks

Risks involved when the proper internal control procedures are **NOT** adequately defined, established, or carried out.

Low Risk

A small possibility exists for the misuse, misappropriation, or waste of government resources regarding a program that:

- is not visible to the Department, special interest groups, or the minor monetary value; and
- would not impair the fulfillment of Agency's mission.

Moderate Risk

The degree of risk for conditions that exist which fall outside the parameters indicated for high and low risk.

Risk Assessment

A process used to determine the vulnerability of an assessable unit or sub-assessable unit to waste, fraud, loss, unauthorized use, or misappropriation.

Risk Analysis

Analysis of internal control procedures to determine if they provides reasonable assurance that the desired internal control objectives will be achieved.

Monetary Value: The list below may be used as a guide when monetary values are used on a basis for determining risk:

DOLLARS

\$0 to \$1 Million
\$1 Million to \$10 Million
\$10 Million to \$100 Million

RISK

Low
Moderate
High